

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6120

BILL NUMBER: SB 52

NOTE PREPARED: Nov 7, 2006

BILL AMENDED:

SUBJECT: Minimum Wage.

FIRST AUTHOR: Sen. Lanane

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases Indiana's minimum hourly wage to \$6.20 on July 1, 2007, and \$7.25 on July 1, 2008. It increases Indiana's minimum hourly wage for certain individuals less than 20 years of age to \$5.30 on July 1, 2007, and \$6.35 on July 1, 2008.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The state has 10 employees who are paid less than \$7.25 per hour (7 are paid less than \$6.20 per hour and 3 between \$6.20 and \$7.25 per hour). The cost to increase the minimum wage from the current rate of \$5.15 to \$6.20 per hour on July 1, 2007, and \$7.25 per hour on July 1, 2008, would be approximately \$18,000 for FY 2008 and \$35,700 for FY 2009. The increase in the minimum salary would also affect wage-related benefits, such as social security and retirement benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The local impact of increasing the minimum wage is unknown. The percentage increase from the current rate of \$5.15 would be 20.4% on July 1, 2007, and 40.8% on July 1, 2008. The increase in the minimum salary would also affect the local unit's cost of wage-related benefits, such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

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